

Program 080

**DSHS - Medical Assistance Payments****Recommendation Summary**

Dollars in Thousands

|   | FY 05 FTEs     | General Fund State | Other Funds      | Total Funds      |
|---|----------------|--------------------|------------------|------------------|
| <b>2003-05 Expenditure Authority</b>        | 1,052.0        | 2,367,653          | 4,893,402        | 7,261,055        |
| <b>Supplemental Changes</b>                 |                |                    |                  |                  |
| ProShare and DSH Adjustment                 |                | 1,434              | 16,360           | 17,794           |
| Mandatory Caseload Adjustments              |                | 17,615             | (73,033)         | (55,418)         |
| Utilization Changes, DSHS                   |                | 61,854             | 28,538           | 90,392           |
| MMIS Reprocurement                          | 4.5            | 298                | 2,164            | 2,462            |
| Administrative Funding Technical Correction |                | 421                | 422              | 843              |
| HIPAA Funding                               | 4.0            | 353                | 253              | 606              |
| Administrative Costs for Transportation     |                | 172                | 172              | 344              |
| Selective Hospital Contracting Rate         |                | 1,000              | 1,000            | 2,000            |
| <b>Subtotal - Supplemental Changes</b>      | <b>8.5</b>     | <b>83,147</b>      | <b>(24,124)</b>  | <b>59,023</b>    |
| <b>Total Proposed Budget</b>                | <b>1,060.5</b> | <b>2,450,800</b>   | <b>4,869,278</b> | <b>7,320,078</b> |
| Difference                                  | 8.5            | 83,147             | (24,124)         | 59,023           |
| Percent Change                              | 0.8%           | 3.5%               | (0.5)%           | 0.8%             |

**Supplemental Changes****ProShare and DSH Adjustment**

Supplemental adjustments need to be made in several areas of the Disproportionate Share Hospital (DSH) and ProShare program activities. The largest change is a correction in the Teaching/Harborview Medical Center program to allow new transactions to occur in each of the two fiscal years, rather than just one. (General Fund-State, General Fund-Private/Local, General Fund-Federal)

**Mandatory Caseload Adjustments**

The November 2004 forecast of persons eligible for Medical Assistance Administration medical services indicates caseloads will increase over the Fiscal Year 2005 budgeted level in the following areas: Categorically Needy Temporary Assistance for Needy Families (TANF) clients, disabled workers, Medically Needy blind and disabled clients, general assistance-unemployable (GAU) clients, recipients of alcohol and substance abuse intervention services, refugees, qualified Medicare beneficiaries, and State Children's Health Insurance Program (SCHIP) recipients. The largest caseload increases are in GAU with a 15 percent increase from Fiscal Year 2005 to 2006, and a 41 percent increase from Fiscal Year 2005 to 2007; and in SCHIP with a 9 percent increase from Fiscal Year 2005 to 2006, and a 37 percent increase from Fiscal Year 2005 to 2007.

Caseload declines were seen in the following areas: Categorically Needy (CN) aged, blind, and disabled people; and Categorically Needy other children. The CN children's caseload declined 4 percent from Fiscal Year 2005 to 2006, and declined 17 percent from Fiscal Year 2005 to 2007. Although the percentage changes are not so large as some of the increases, the numbers of people affected are greater as the caseload for these groups is high. This item affects all medical assistance activities except for Disproportion Share Hospital, Proshare, and Administrative. (General Fund-State, General Fund-Federal, Health Services Account)

## **SUPPLEMENTAL BUDGET**

### **Utilization Changes, DSHS**

This item illustrates the changes in utilization of medical services by Medical Assistance Administration (MAA) clients, as estimated in the Medical Assistance Fall 2004 Forecast. This item affects all medical assistance activities other than Disproportionate Share Hospital, Proshare, and Administrative. (General Fund-State, General Fund-Federal, General Fund-Private/Local, Health Services Account)

### **MMIS Reprocurement**

The most recent estimates of the cost of design, development and implementation (DDI) of the new Medicaid Management Information System (MMIS) indicate the current biennium costs will be slightly higher because of the addition of needed staff. Over 80 percent of the additional cost will be covered by federal funds. This item affects the Administrative activity. (General Fund-State, General Fund-Federal)

### **Administrative Funding Technical Correction**

Thirteen staff members were added in the 2004 supplemental budget to increase the program's capacity to assess drug prices and ensure the state is paying appropriate costs. Savings from adding new resources are expected to total \$10 million. A technical error was made in calculating the administrative costs associated with the project (Improving Drug Rebate Collections and the State Drug Pricing Program), understating the cost of implementation. The additional funding is now added to the Administrative activity. (General Fund-State, General Fund- Federal)

### **HIPAA Funding**

Funding that was not used in Fiscal Year 2004 will be needed in Fiscal Year 2005. Increasing funding for the second year will allow the program's Administrative activity to complete the implementation of the Health Insurance Portability and Accountability Act (HIPAA), Rule One.

Fiscal Year 2004 was underspent by \$5.6 million, primarily due to a delay in the development of the web-enabled version of the HIPAA compliant claims submission product. Due to the delay, payment can be made to the vendor only upon completion of the deliverable. (General Fund-State; General Fund-Federal)

### **Administrative Costs for Transportation**

The administrative costs of the brokered transportation contracts have been excluded from the Medical Assistance expenditure forecast but are included in the agency's base budget. Incremental changes to this item would normally be accommodated within the forecast process but, since this item has been removed from the forecast, the revised cost estimate is displayed separately. This item affects the Administrative activity. (General Fund-State; General Fund-Federal)

### **Selective Hospital Contracting Rate**

The Hospital Selective Contracting Program (HSCP) pays hospitals a lower rate than they would otherwise receive in exchange for patients being directed to use the hospitals in the program. Some of these hospitals need a rate increase to ensure their continued participation in the program, which saves the state about \$10 million per year. This item affects all medical assistance activities other than Disproportionate Share Hospital, Proshare, and Administrative. (General Fund-State, General Fund-Federal)